

A guide to Minnesota's

Prevailing wage



Labor Standards

443 Lafayette Road N.
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Note: This pamphlet is a brief summary of the Minnesota prevailing wage law and is intended as a guide. It is not to be considered a substitute for Minnesota Statutes §177.41-177.44.

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Minnesota Department of Labor and Industry
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What is prevailing wage?

Prevailing wages are the wages required to be paid on state-funded construction projects. These projects can be highways, roads, waste-water treatment plants, JOBZ projects, schools, park and recreation improvements or any other project covered by law.

Why is it required?

In 1931, the Davis-Bacon Act was enacted to prevent local wage standards from being undercut on federal construction projects by low bidders that imported cheap labor as a cost-cutting technique.

Amended in 1935, it required the payment of not less than the wages found by the Secretary of Labor to be "prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the city, town, village or other civil subdivision of the state in which the work is to be performed."

Similar state laws are often referred to as "little" Davis-Bacon Acts. Minnesota's law, patterned after federal and Wisconsin law, was enacted in 1973, after an incident where out-of-state workers, who earned much less than local workers, were hired for a University of Minnesota farm project.

Required records

1. Employee name and identifying number
2. Prevailing wage master job classification
3. Hours worked each day, total hours, rate of pay, gross amount earned
4. Each deduction for taxes, total deductions, net pay for week
5. Dollars contributed per hour for each benefit, including the name and address of the administrator, the benefit account number and the telephone number for health and welfare, vacation or holiday, apprenticeship training, pension and other benefit programs

How to file a complaint

To file a complaint, complete the online complaint form at www.dli.mn.gov/LS/Pdf/pw_complaint.pdf or call (651) 284-5091 to request a copy of the form.

How does prevailing wage work?

Wage rates paid for comparable work are certified by DLI as the prevailing rates after the department conducts the survey of contractors, labor organizations and interested parties statewide. This information is then furnished to entities covered by prevailing wage that are letting contracts for inclusion in their bid specifications. An annual notice is also published in the *State Register*, indicating where copies of the certified rates may be obtained. Rates are available on the DLI Web site at www.dli.mn.gov/LaborLaw.asp.

Wage rates are established for two types of construction: highway/heavy – construction and maintenance of highways, streets, airport runways, bridges, power plants, dams and utilities; and commercial construction – building projects exclusive to residential construction. Separate wage certifications are issued for each area. DLI also sets truck rental rates – the rates that need to be paid to independent owner/operators of trucks on state highway and road projects.

If you haven't received a copy of the survey and would like to participate, call DLI's Labor Standards unit to be added to the mailing list at (651) 284-5091. Participants can complete the report information online at www.dli.mn.gov/LS/PrevWageSurvey.asp.

How are rates set?

State law requires each wage rate be based on the actual wage rates paid to the largest number of workers within each labor classification reported in the statewide survey. The rates are determined by mode, the most frequently occurring wage rate.

For example, if the survey data shows two bricklayers in a county earned \$19.90 an hour, another earned \$17.25 an hour and another earned \$22.67 an hour, the prevailing hourly wage rate would be \$19.90.

If there is an equal number of workers with differing hourly wage rates, the rules state that the highest rate paid becomes the prevailing wage rate.

Enforcement

Authority to investigate complaints of violations has been primarily assigned to two separate state agencies. The Department of Transportation is the primary enforcing agency on all projects let out to bid for highway-related construction. All other investigations are conducted by the Department of Labor and Industry (DLI) or individual contract officers representing project owners.

DLI is authorized to review payroll documents to determine compliance with prevailing wage rate provisions on all state construction projects.

Contracting agencies are responsible for contract compliance and required to include the correct prevailing wage rate determination and notification of prevailing wage requirements in their contracts.

Failure to incorporate the determination shall make the contracting agency liable for making whole the contractor or subcontractor for any increases in the wages paid.

Contracting agencies must also require, and the contractor or subcontractor must furnish, certified payroll information biweekly.

Repeat violators of prevailing wage regulations will be assessed back-wages plus an additional amount in penalty that will be distributed to the aggrieved employees.

The statute also allows for criminal penalties and prosecution in certain situations.